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ABSTRACT

This speech incorporates a major policy statement regarding school subsidies in Maine. The author discusses equality of educational opportunity; and he comments on the property tax, wealth-connected inequities, and class action suits. The speech focuses on a discussion of the Maine subsidy law and its effects; as well as the Maine property, sales, and personal and corporate income taxes. The author also outlines a subsidy model that could possibly meet the financial needs of Maine. (Author/JF)

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EQUALIZING EDUCATIONAL OPPORTUNITY THROUGH FUNDING*

Carroll R. McGary
Commissioner of Education

IT IS PLEASANT TO RETURN TO WASHINGTON COUNTY WHERE I OBTAINED MUCH OF MY EARLY ADMINISTRATIVE EXPERIENCE, WHERE OUR FIRST CHILD WAS BORN AND WHICH IS THE LAST STRONGHOLD OF THAT DOWNEAST FLAVOR FOR WHICH MAINE IS SO WELL LOVED.

I NEVER RETURN TO THIS SECTION BUT WHAT I ASK MYSELF WHY I EVER LEFT IT AND AT THAT MOMENT, AT LEAST, AS I REVEL IN THE BEAUTY OF THIS PART OF OUR STATE, I CAN FIND NO ANSWER TO THE QUESTION. BUT THEN AS I LOOK MORE CLOSELY AT THE POVERTY AND THE MINIMUM SCHOOL PROGRAMS AND THE OUT-MIGRATION OF YOUNG PEOPLE, I CAN FEEL AGAIN THAT SORT OF DESPAIR AND CONCERN THAT GRIPPED ME SO OFTEN AS I WORKED WITH THE CITIZENS OF WASHINGTON COUNTY AND WHICH NO DOUBT CONTRIBUTED TO MY LEAVING.

I MUST QUICKLY ADD THAT I HAVE NOTHING BUT ADMIRATION FOR MY FRIENDS, AND INDEED, ALL OF YOU, WHO HAVE STAYED TO SERVE THE NEEDS OF CHILDREN HERE. AND I BELIEVE THAT AS A RESULT OF MY EXPERIENCES AMONG YOU I CAN BE A BETTER COMMISSIONER THAN OTHERWISE. I KNOW

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IT HAS GIVEN ME GREATER INSIGHTS INTO YOUR PROBLEMS AND INDEED HAS MADE ME REALIZE ANEW THE NEED FOR REFORM IN OUR FUNDING PROGRAM.

PERHAPS MY LEAVING WASHINGTON COUNTY IS LIKE THE STORY OF THE YOUNG LAWYER FROM MACHIAS - ETC.

BUT TO RETURN TO THE ISSUE OF EQUALITY OF EDUCATIONAL OPPORTUNITY WHICH IS SO DEAR TO ALL OF US, LET ME BEGIN TO DESCRIBE WHERE WE HAVE BEEN IN ALL OF THIS AND WHERE WE YET MUST GO.

AMERICAN EDUCATION HAS GONE THROUGH AT LEAST TWO MAJOR PHASES AND IS NOW WELL ENTERED UPON THE THIRD.

THE FIRST WAS THE STRUGGLE TO MAKE EDUCATION PUBLIC AND SECULAR. THIS INVOLVED THE DECISIONS TO MOVE AWAY FROM CHURCH-RELATED AND PRIVATE INSTITUTIONS TO TAX-SUPPORTED, FREE EDUCATION THROUGH GRADE TWELVE. THAT BATTLE WAS LARGELY WON BY THE TURN OF THE CENTURY. WHILE WE STILL CONTINUE TO DEBATE THE AVAILABILITY OF EDUCATION BEYOND GRADE 12, I BELIEVE EVEN THERE THE DECISION HAS BEEN MADE THAT EDUCATION SHOULD BE AVAILABLE AT WHATEVER AGE.

THE SECOND PHASE WAS THE STRUGGLE TO PROVIDE AN OPPORTUNITY FOR EVERYONE. WHILE WE ARE STILL CONCERNED WITH THE DROPOUT PROBLEM,

IT IS ESSENTIALLY A DIMINISHING ONE. BY THE 1960's WELL OVER 90% OF SCHOOL AGE YOUTH WERE IN SCHOOL. THUS AMERICAN EDUCATION HAS LARGELY ACHIEVED THE IDEAL OF FREE PUBLIC EDUCATION FOR ALL THROUGH GRADE 12. WE MUST NOT GIVE UP ON MAKING EDUCATION AVAILABLE TO THAT VERY SMALL GROUP NOT NOW IN SCHOOL, BUT THAT PROBLEM WILL NEVER BE SOLVED UNTIL WE COMPLETE THE THIRD PHASE UPON WHICH WE ARE NOW ENTERED.

THE THIRD PHASE, AND THE CURRENT ONE, RELATES TO QUALITY AND SIGNIFICANCE FOR THE INDIVIDUAL. FOR WHILE WE DO HAVE EDUCATION FOR ALL, FOR FAR TOO MANY IT IS A MIND-NUMBING, ALIENATING PROCESS. IF WE WANT TO BE WELL ON THE WAY TO INSURING QUALITY IN EDUCATION BY 1982, WE MUST ADDRESS OURSELVES TO THE FOLLOWING QUESTIONS:

1. EQUALIZATION OF EDUCATIONAL OPPORTUNITY THROUGH FUNDING.

2. VOCATIONAL EDUCATION.

3. EDUCATION OF THE HANDICAPPED.

4. TEACHER EDUCATION.

5. THE PROCESS OF EDUCATION.

I WISH I HAD THE TIME TO TALK WITH YOU ABOUT THE LAST FOUR ISSUES FOR THEIR SIGNIFICANCE MAY BE EVEN GREATER THAN THAT OF FUNDING SINCE MUCH OF THE NEEDED CHANGE IN EDUCATION WILL BE ACCOMPLISHED ONLY BY A CHANGE OF ATTITUDE AND NOT BY MORE MONEY. (REMEDIATION v REFORM OF PROCESS)

TO QUOTE JOHN HOLT -

"....WE DON'T UNDERSTAND EVERYTHING ABOUT HOW PEOPLE LEARN AND PROBABLY NEVER WILL, BUT WE UNDERSTAND PLENTY ABOUT THE CONDITIONS UNDER WHICH LEARNING IS LIKELY TO TAKE PLACE AND THOSE UNDER WHICH IT IS LIKELY NOT TO.

"WE HAVE PLENTY OF EVIDENCE AS HARD AS YOU LIKE THAT CHILDREN LEARN BEST -

- WHEN THEY ARE CURIOUS, CONFIDENT, ENERGETIC.

- WHEN THEY HAVE SOMETHING TO SAY ABOUT WHAT THEY ARE LEARNING AND WHY,

- WHEN THEY ARE NOT THREATENED, HUMILIATED, AND JUDGED.

WE DON'T NEED ANY MORE RESEARCH TO PROVE THIS. WHAT WE NEED IS THE GUTS TO ACT ON WHAT WE ALREADY KNOW.

" I AM REMINDED OF THE OLD STORY OF THE FARMER WHO, HAVING BEEN ASKED WHY HE DID NOT PLAN TO GO TO THE COUNTY AGENT'S SOIL DEMONSTRATION MEETING, REPLIED: 'HELL, I DON'T FARM AS GOOD AS I KNOW HOW TO NOW.'

"WELL, WE DON'T EDUCATE AS GOOD AS WE KNOW HOW TO RIGHT NOW."

BUT AS INTERESTING AS IT WOULD BE TO PURSUE THAT TOPIC FURTHER, AND I HOPE YOU WILL, LET ME NOW TURN TO THE PROBLEM OF EQUALIZING EDUCATIONAL OPPORTUNITY THROUGH FUNDING.

IN 1954 THE UNITED STATES SUPREME COURT TOOK THE LEAD IN INITIATING A MAJOR SOCIAL AND EDUCATIONAL CHANGE. IN BROWN v THE BOARD OF EDUCATION, THE COURT HELD THAT THE OLD DOCTRINE OF SEPARATE BUT EQUAL WAS NO LONGER CONSTITUTIONAL. TODAY, NEARLY 20 YEARS LATER, ANOTHER COURT CASE ON EDUCATION APPEARS TO REPRESENT A FURTHER LANDMARK IN AMERICAN JURISPRUDENCE. WHILE SERRANO v PRIEST WAS SETTLED IN A STATE COURT IN CALIFORNIA, THERE IS NO DOUBT THAT THE PRINCIPLE WILL BE REVIEWED BY THE UNITED STATES SUPREME COURT, PERHAPS THIS FALL, IN RODRIGUES v TEXAS.

WHAT DID SERRANO DO? IN EFFECT IT DECLARED UNCONSTITUTIONAL THE RELIANCE ON THE PROPERTY TAX AS THE CHIEF METHOD OF SUPPORT FOR PUBLIC SCHOOLS IF EVIDENCE CAN BE PRODUCED TO DEMONSTRATE THAT WEALTH-CONNECTED INEQUITIES EXIST IN THE EDUCATIONAL OPPORTUNITIES AFFORDED FROM DISTRICT TO DISTRICT WITHIN THE STATE.

IT DID NOT SAY, AS SO OFTEN IS HEARD, THAT THE PROPERTY TAX IS UNCONSTITUTIONAL; IT SIMPLY SAID THAT ITS PRESENT USE IN A DISTRICT BY DISTRICT WAY TO BE THE CHIEF SUPPORT OF EDUCATION IS UNCONSTITUTIONAL SINCE IT MAKES THE LEVEL OF SUPPORT AN ACCIDENT OF BIRTH AND, THEREFORE, DENIES TO THE CHILD, BORN IN A POOR COMMUNITY, AND HIS PARENTS EQUAL PROTECTION UNDER THE LAW.

THE CASE ITSELF

THE CASE, BROUGHT AS A CLASS ACTION BY THE LOS ANGELES PUBLIC SCHOOL CHILDREN AND THEIR PARENTS AGAINST STATE AND LOCAL OFFICIALS CHARGED WITH ADMINISTERING AND FINANCING THE CALIFORNIA PUBLIC SCHOOL SYSTEM, REALLY PRESENTS TWO QUITE SEPARATE, THOUGH RELATED, EQUAL PROTECTION ISSUES. THE FIRST (AND THE ONE PRINCIPALLY FOCUSED ON BY THE PARTIES AND THE COURT) INVOLVES THE DISPARITIES IN PER PUPIL

DOLLAR EXPENDITURES AMONG INDIVIDUAL SCHOOL DISTRICTS WITHIN THE SYSTEM. THESE DISPARITIES ARE BROUGHT ABOUT BY THE HEAVY RELIANCE OF THE SCHOOL SYSTEM ON LOCAL PROPERTY TAXES AS A SOURCE OF REVENUE (IN 1968-69, 55.7 PERCENT OF CALIFORNIA PUBLIC SCHOOL FUNDS WAS DERIVED FROM LOCAL PROPERTY TAXES), THE RANDOM AND UNEVEN DISTRIBUTION OF TAXABLE PROPERTIES AMONG THE SCHOOL DISTRICTS, AND THE FAILURE OF THE STATE TO REMOVE THE DISPARITIES IN FINANCIAL RESOURCES AVAILABLE TO INDIVIDUAL SCHOOL DISTRICTS THROUGH EITHER SCHOOL DISTRICT BOUNDARY ADJUSTMENTS OR ADEQUATE EQUALIZATION AID PROGRAMS.

THE SECOND EQUAL PROTECTION ISSUE ARISES FROM EFFORTS BY POORER SCHOOL DISTRICTS TO OFFSET THE SHORTCOMINGS OF THE PROPERTY TAX SYSTEM AND THE FAILURES OF STATE GOVERNMENT BY IMPOSING HIGHER TAX RATES ON PROPERTIES WITHIN THEIR DISTRICTS. THIS DOES IN FACT INCREASE THE FINANCIAL RESOURCES AVAILABLE TO THEM AND REDUCE TO SOME EXTENT THE DISPARITIES IN PER PUPIL EXPENDITURES AMONG SCHOOL DISTRICTS, BUT IT CLEARLY VIOLATES CONCEPTS OF EQUAL PROTECTION BY IMPOSING WHAT PLAINTIFFS SHOW TO BE HIGHER AND GROSSLY UNEQUAL TAX BURDENS ON PROPERTY OWNERS WITHIN THE POORER SCHOOL DISTRICTS.

FURTHERMORE, THE COURT RECOGNIZED THAT "...AS A PRACTICAL MATTER DISTRICTS WITH SMALL TAX BASES SIMPLY CANNOT LEVY TAXES AT A RATE SUFFICIENT TO PRODUCE THE REVENUE THAT MORE AFFLUENT DISTRICTS REAP WITH MINIMAL TAX EFFORTS." THIS LEADS TO THE FINAL IRONY THAT, NOTWITHSTANDING THE HIGHER TAX BURDENS IMPOSED ON THEM, PROPERTY-TAX-PAYING PARENTS IN POORER SCHOOL DISTRICTS OBTAIN FOR THEIR CHILDREN LOWER EDUCATIONAL OPPORTUNITIES THAN THOSE AFFORDED CHILDREN IN MORE AFFLUENT DISTRICTS.

PERHAPS, EVEN MORE IMPORTANTLY, THE COURT HELD THAT THE BASIC UNDERLYING REASON FOR THE RULING WAS THE FACT THAT EDUCATION IS A FUNDAMENTAL RESPONSIBILITY OF THE STATE.

THE PRESENT SITUATION IN MAINE

MAINE HAS LONG RECOGNIZED THE PUBLIC NECESSITY OF EDUCATION. THE TOTAL PUBLIC EXPENDITURE FOR ELEMENTARY-SECONDARY EDUCATION HAS RISEN FROM APPROXIMATELY $300,000 IN 1870 TO A SUM IN EXCESS OF $150,000,000 A CENTURY LATER.

MAINE HAS A LONG HISTORY OF STATE SUBSIDIES TO LOCAL SCHOOLS BEGINNING IN 1828 WITH THE SALE OF PUBLIC LANDS, MOVING TO A STATE

PROPERTY TAX, AND BEGINNING IN 1949, A FOUNDATION TYPE PROGRAM. SINCE 1965, THE STATE HAS MOVED VIGOROUSLY TO IMPROVE THE EQUALIZATION FEATURE OF THE LAW BUT HAS BEEN MUCH LESS THAN SUCCESSFUL BECAUSE OF THE INHERENT INEQUITIES IN THE TAXING SYSTEM, ESSENTIALLY THE PROPERTY TAX WHICH SUPPLIES OVER 60% OF THE REVENUE FOR THE SUPPORT OF SCHOOLS. OF THE REMAINDER, ABOUT 35% COMES FROM STATE TAXES, PRINCIPALLY SALES AND INCOME AND THE REST (ABOUT 5%) FROM THE FEDERAL GOVERNMENT.

OUR PRESENT SUBSIDY LAW PROVIDES AMOUNTS TO LOCAL UNITS RANGING FROM $4 to $480 PER PUPIL BASED UPON RELATIVE WEALTH PER PUPIL (STATE PROPERTY VALUATION FOR THE DISTRICT ÷ PUPILS)

ALTHOUGH THIS FORMULA HAS A SUBSTANTIAL EQUALIZING EFFECT WHEN COMPARED TO A FLAT GRANT FORMULA, STILL THERE ARE GREAT DISPARITIES IN BOTH CAPACITY TO SUPPORT AND PER PUPIL EXPENDITURES.

BASED UPON THE ONLY YARDSTICK READILY AVAILABLE, STATE VALUATION, ONE CAN EASILY SEE THESE VARIATIONS IN THE ABILITY OF THE LOCAL PROPERTY TAX TO SUPPORT SCHOOLS.

ARRANGING MAINE'S 284 SCHOOL UNITS IN GROUPS OF 20 UNITS FROM HIGHEST VALUATION PER PUPIL TO LOWEST SHOWS THE WEALTHIEST GROUP HAS A STATE VALUATION PER PUPIL OF $147,562 WHILE THE LOWEST HAS $3,647. THE FIRST GROUP HAS 40 TIMES THE ABILITY OF THE 20TH GROUP.

ARRANGING MAINE'S 284 SCHOOL UNITS IN GROUPS HAVING APPROXIMATELY THE SAME NUMBER OF PUPILS AND IN DESCENDING ORDER OF WEALTH, GROUP 1 HAS A VALUATION PER PUPIL OF $35,768 WHILE GROUP 20 HAS $3,610 PER PUPIL. THE FIRST GROUP HAS NEARLY 10 TIMES THE FISCAL CAPACITY OF THE 20TH GROUP.

EVEN AFTER THE EQUALIZING EFFECT OF MAINE'S CURRENT STATE ASSISTANCE PROGRAM, THE EFFORT REQUIRED AND THE AMOUNT OF MONEY RAISED PER PUPIL VARIES WIDELY.

THE "WEALTHIEST" GROUP OF TOWNS IN MY ILLUSTRATION EXPENDS $995 PER PUPIL RAISING $857 OF THAT AMOUNT LOCALLY. THE "LEAST WEALTHY" GROUP EXPENDS $540 PER PUPIL RAISING $73 LOCALLY. WHAT IS TRULY REMARKABLE IS THAT THE "LEAST WEALTHY" GROUP, TO RAISE $73 PER PUPIL, MUST TAX ITSELF AT A RATE 6 TIMES AS GREAT AS THE "WEALTHIEST" TAXES ITSELF TO RAISE $857 PER PUPIL. LET ME REPEAT --- (POOREST RAISES 1/12 THE MONEY WITH 6 TIMES THE EFFORT.)

IT SHOULD BE POINTED OUT THAT SOME OF THE WIDE VARIATIONS IN WEALTH HAVE BEEN BROUGHT ABOUT BY THE RAPID CHANGE IN LAND VALUES. LAND VALUES HAVE RISEN SO SHARPLY IN SOME AREAS, AND CONSEQUENTLY STATE VALUATIONS, THAT THE TAX RATE FOR MUNICIPAL SERVICES HAS DROPPED IN 54% OF MAINE'S CITIES AND TOWNS FROM 1957 TO 1970. ANOTHER REASON TO MOVE AWAY FROM RELIANCE ON THE PROPERTY TAX.

WHAT TO DO

THERE ARE AT LEAST TWO MAJOR QUESTIONS TO BE CONSIDERED.

1. WHERE DO WE GET THE MONEY NEEDED FOR EDUCATION?

2. HOW DO WE ALLOCATE THE FUNDS EQUITABLY?

THE QUESTIONS ARE SEPARATE. WE CAN ALLOCATE OUR PRESENT FUNDS TO MEET THE TEST OF SERRANO ALONE, BUT IT IS DOUBTFUL IF WE SHOULD. TRANSLATED INTO ECONOMIC TERMS, IF SOUND AND EQUAL FINANCING OF MAINE SCHOOLS IS TO BE ACHIEVED WE MUST:

1. FIND WAYS TO EQUALIZE EDUCATIONAL OPPORTUNITY AMONG CHILDREN.

2. FIND WAYS TO EQUALIZE EXPENDITURES AMONG DISTRICTS.

3. FIND WAYS TO DISTRIBUTE THE TAX BURDEN FAIRLY.

4. SEEK THE HIGHEST POSSIBLE EFFICIENCY IN SCHOOL ORGANIZATION.

5. FIND WAYS TO ASSURE EDUCATIONAL ACCOUNTABILITY.

BASED ON THE CALIFORNIA CASE, COMMON SENSE AND FAIR PLAY, WE SHOULD BE SAYING, "THE NUMBER OF DOLLARS SPENT ON EDUCATION SHOULD BE BASED ON THE EDUCATIONAL NEEDS OF THE CHILDREN, RATHER THAN THE WEALTH OF THE SCHOOL DISTRICT, CITY OR TOWN."

THE TAX SITUATION IN MAINE

1. PROPERTY TAX

AS A GENERAL RULE, MAINE SCHOOLS RECEIVE ALMOST ALL THEIR LOCAL REVENUE FROM TAXES ON PROPERTY. THE ADVANTAGES ARE:

a. IT IS FAIRLY STABLE.

b. PROPERTY IS NOT EASILY MOVED TO ESCAPE TAXATION.

c. MOST BENEFITS GO DIRECTLY TO LOCAL RESIDENTS.

THE DISADVANTAGES ARE:

a. IT BECOMES LARGELY A TAX ON HOUSING.

b. IT TENDS TO DISCOURAGE REHABILITATION OF DETERIORATING PROPERTY.

c. IT TENDS TO AFFECT DECISIONS BY BUSINESS AND INDUSTRY WITH REGARD TO LOCATION.

d. IT FAVORS BUSINESSES WITH A LOW RATIO OF PROPERTY TO SALES.

e. DIFFERENT ASSESSMENT PRACTICES TEND TO MAKE IT UNEQUAL FOR TAXPAYERS.

f. OWNERSHIP OF PROPERTY OFTEN HAS LITTLE RELATIONSHIP TO THE ABILITY TO PAY TAXES.

2. SALES TAX

ALTHOUGH MAINE SCHOOL UNITS CANNOT LEVY SALES TAXES, THEY SERVE AS AN IMPORTANT SOURCE OF SCHOOL INCOME IN THE FORM OF STATE AID. THE PRIMARY ADVANTAGES ARE:

a. IT IS RELATIVELY SIMPLE TO COLLECT.

b. THE REVENUE TENDS TO INCREASE AT ABOUT THE SAME RATE AS INCOME INCREASES.

THE DISADVANTAGES ARE:

a. A SALES TAX CAN BECOME REGRESSIVE UNLESS MANY NECESSARY PURCHASES ARE EXEMPTED.

b. IT CAN AFFECT ECONOMIC DECISIONS CONCERNING LOCATION OF SHOPPING CENTERS OR LARGE RETAIL ENTERPRISES IF A BORDERING STATE HAS A LOWER SALES TAX OR NO SALES TAX AT ALL.

3. PERSONAL AND CORPORATE INCOME TAX

MOST STATES NOW LEVY INCOME TAXES AND THEREFORE INCOME TAX IS IMPORTANT AS A SCHOOL REVENUE THROUGH STATE ASSISTANCE. THE MAJOR ADVANTAGES OF AN INCOME TAX ARE:

a. IT IS DIRECTLY RELATED TO THE MOST GENERALLY ACCEPTED MEASURE OF TAX-PAYING CAPACITY -- THE INCOME OF THE TAXPAYER.

b. IT CAN BE EASILY ADJUSTED, THROUGH EXEMPTIONS, TO TAKE INTO ACCOUNT SPECIAL CIRCUMSTANCES SUCH AS ILLNESS OF THE TAXPAYER OR SIZE OF FAMILY.

c. IT IS EASY TO COLLECT THROUGH PAYROLL DEDUCTIONS.

d. REVENUE INCREASES AS INCOME INCREASES.

THE DISADVANTAGES ARE:

a. REVENUE DECLINES IN PERIODS OF ECONOMIC RECESSION AT A FASTER RATE THAN OTHER TAX SOURCES.

b. UNLESS SPECIAL CARE IS TAKEN, INCOME TAXES CAN BECOME EXTREMELY COMPLICATED AND CAN ALSO PRESENT OPPORTUNITIES FOR EVASION.

SINCE MAINE ALREADY HAS THE THREE MAJOR FORMS OF TAXATION, WE SHOULD CONCENTRATE ON IMPROVING THE YIELD OF THESE TAXES RATHER THAN SEARCHING FOR NEW SOURCES. THREE IMPORTANT CONCEPTS OF TAXATION SHOULD

BE REMEMBERED:

1. THE TAX SHOULD NOT ALTER ECONOMIC BEHAVIOR.

2. THE TAX SHOULD BE EQUITABLE.

3. THE TAX SHOULD BE EFFECTIVELY COLLECTED.

A PLAN FOR MAINE

ANY NEW SUBSIDY PLAN SHOULD GIVE CONSIDERATION TO THE FOLLOWING FEATURES:

1. AN EQUALIZATION OF PROPERTY TAX, STATEWIDE, FOR FINANCING PUBLIC EDUCATION AT A LEVEL TO BE DETERMINED BY THE LEGISLATURE.

2. A PERIODIC REVIEW OF THE PROPORTION OF SUPPORT TO BE BORNE BY THE PROPERTY TAX.

3. RECOGNITION OF THE FACT THAT CHILDREN WITH DIFFERING EDUCATIONAL NEEDS REQUIRE DIFFERING LEVELS OF FUNDING.

4. MONEY AVAILABLE TO EACH UNIT SHOULD BE IN RELATIONSHIP TO STATEWIDE COSTS AND THE COMPOSITION OF THE STUDENT BODY.

5. SCHOOL DISTRICTS MUST BE OF SUFFICIENT SIZE TO INSURE EFFICIENT AND EFFECTIVE USE OF STATE AND LOCAL FUNDS.

6. THERE SHOULD BE A LIMITED LOCAL LEEWAY WITH A POWER EQUALIZING FEATURE NOT TO EXCEED 10%.

7. THE COST OF TRANSPORTATION AND SCHOOL CONSTRUCTION, INCLUDING DEBT SERVICE SHOULD BE ESSENTIALLY A STATE RESPONSIBILITY.

WITH THOSE PRINCIPLES IN MIND, LET ME SUGGEST ONE POSSIBLE MODEL. WHILE THIS IS SUBJECT TO MODIFICATION, IT REPRESENTS ONE POSSIBILITY WHICH WOULD MEET THE TEST OF SERRANO AND THE NEEDS OF MAINE.

1. ESTABLISH A MINIMUM FUNDING LEVEL, SAY AT THE 65 PERCENTILE OF PER PUPIL COSTS FOR THE STATE.
2. LEVY A STATEWIDE PROPERTY TAX BASED ON A LEGISLATIVELY DETERMINED TAX RATE. THE PRESENT EQUIVALENT FIGURE IS ABOUT 30 MILLS. THIS RATE COULD BE LOWERED DEPENDING UPON THE DEGREE TO WHICH ONE WANTED TO PROVIDE PROPERTY TAX RELIEF COMPARED TO STABILIZATION.
3. BASED ON USING THE 65TH PERCENTILE EXPENDITURE, THIS PROPERTY TAX WOULD RAISE LESS THAN THE MINIMUM LEVEL IN 64% OF THE UNITS, EXACTLY THE RIGHT AMOUNT IN 1% OF THE UNITS AND MORE THAN THE MINIMUM IN 35% OF THE UNITS.

4. IN THE UNITS WHERE MORE THAN THE MINIMUM WAS RAISED, THE OVERCOLLECTION WOULD BE DEPOSITED WITH THE STATE.

5. IN THE UNITS WHERE LESS THAN THE MINIMUM WAS RAISED, THE ADDITIONAL AMOUNT UP TO THE MINIMUM WOULD BE PROVIDED FROM (a) THE OVERCOLLECTION ON PROPERTY TAX IN THE WEALTHIER TOWNS, (b) THE STATE'S GENERAL FUND BUT ESSENTIALLY A COMBINATION OF SALES AND INCOME TAXES.

6. EACH UNIT WOULD BE ALLOWED A CERTAIN LOCAL LEEWAY OR ENRICHMENT FEATURE OF SAY 3-5 MILLS, POSSIBLY WITH THE SAME OVER-UNDER FEATURES AS OUTLINED ABOVE. FOR EXAMPLE, IF ONE MILL RAISES $10.00 PER PUPIL IN THE UNIT WITH THE MEDIAN STATE VALUATION AND ONE MILL IN THE POORER UNITS RAISES ONLY $5.00, THE STATE WILL CONTRIBUTE ANOTHER $5.00 OR CONVERSELY IN THE WEALTHIER UNITS IF ONE MILL RAISED $15.00 THE

STATE WOULD COLLECT $5.00 FOR REDISTRIBUTION.

7. THE STATE WOULD PAY THE COST OF MOST TRANSPORTATION WITH JUST ENOUGH LOCAL EFFORT REQUIRED TO INSURE EFFICIENCY.

8. THE COST OF BUILDINGS WOULD BE SUPPORTED BASED ON AVERAGE SQUARE FOOT COSTS.

9. THE JOB OF SCHOOL DISTRICT REORGANIZATION COULD BE COMPLETED VOLUNTARILY BECAUSE, NO UNIT WOULD BE HURT FINANCIALLY AND DECISIONS COULD BE BASED ON EDUCATIONAL QUALITY.

THE ISSUE OF LOCAL CONTROL

ANY DISCUSSION OF INCREASED FUNDING RAISES THE EMOTION-LOADED QUESTION OF LOCAL CONTROL. FIRST OF ALL, LET US UNDERSTAND THAT THE DEGREE OF LOCAL CONTROL IS A LEGISLATIVE PREROGATIVE SINCE EDUCATION IS A STATE FUNCTION. BUT LET ME HASTEN TO ADD THAT HAVING BEEN A LOCAL SUPERINTENDENT FOR 17 YEARS I AM GENERALLY IN FAVOR OF THE PRESENT LEVEL OF DELEGATION OF AUTHORITY TO THE LOCAL UNIT BY THE LEGISLATURE. I SEE NO REASON WHY THAT NEEDS TO CHANGE SUBSTANTIALLY, BUT NEITHER DO I SEE ANY REASON WHY LOCAL COMMUNITIES

SHOULD BE ALLOWED TO PROVIDE INFERIOR EDUCATION TO BOYS AND GIRLS BEHIND THE FACADE OF LOCAL CONTROL, NOR WHY INEFFICIENT AND INEFFECTIVE DISTRICTS SHOULD BE ALLOWED TO WASTE THE STATE'S MONEY, YOURS AND MINE, IN THE NAME OF SOME LOCAL BASKETBALL TEAM OR EQUALLY FRIVILOUS NOTION OF WHAT SCHOOLS ARE ALL ABOUT.

WHAT IS MEANT BY LOCAL CONTROL? I BELIEVE THAT THE FOLLOWING ITEMS REPRESENT THE ESSENTIAL ELEMENTS OF LOCAL CONTROL:

1. ELECT THE LOCAL SCHOOL COMMITTEE.
2. DETERMINE SCHOOL DISTRICT POLICY.
3. DETERMINE COURSES OF STUDY, TEXTBOOK ETC.
4. HIRE AND DIRECT THE STAFF.
5. ASSIGN AND PROMOTE STUDENTS.
6. DIRECT TRANSPORTATION SERVICES.
7. CONTROL PHYSICAL PLANT.
8. DEFINE LOCAL ENRICHMENT.
9. DETERMINE INDIVIDUAL EMPLOYEE COMPENSATION.
10. NEGOTIATE WITH EMPLOYEES - MAYBE - BUT PROBABLY NOT.

NOWHERE IN THAT LIST DO YOU SEE FISCAL AUTONOMY BECAUSE IN MY JUDGMENT THAT IS NOT ESSENTIAL TO LOCAL CONTROL. IF YOU BELIEVE CONTROL OF FUNDS IS AN ESSENTIAL ITEM OF LOCAL CONTROL ASK YOUR CONGRESS, WHICH SUPPLIES THE FUNDS, WHO CONTROLS THE AERO-SPACE INDUSTRY. OR EVEN BETTER, THINK ABOUT LOCAL BUDGETS. WHAT CONTROL DOES A POOR COMMUNITY HAVE WITHOUT EVEN FUNDS ENOUGH TO RUN A MINIMUM PROGRAM OR WHAT ABOUT EVEN THE WEALTHIER COMMUNITIES? ABOUT 75-80% OF MOST BUDGETS ARE TIED UP IN SALARIES WHICH, I SUBMIT, ARE ESSENTIALLY BEYOND THE CONTROL OF A LOCAL DISTRICT AND DEPEND MORE UPON THE STATE OR NATIONAL MARKET. THEN ADD THE 10 OR 15% OF FIXED COSTS IN HEAT, LIGHT, SUPPLIES, INSURANCE, DEBT SERVICE, ETC., AND THE CONTROLLABLE ITEMS ARE DOWN TO 5% OR SO AND LOCAL LEEWAY WILL PROVIDE THAT ELEMENT OF DISCRETIONARY FUNDS IN A FULL FUNDING PLAN.

THE REAL, VITAL, IMPORTANT ELEMENTS OF LOCAL CONTROL ARE ELECTION OF A SCHOOL COMMITTEE, SELECTION AND DIRECTION OF STAFF, DETERMINATION OF PROGRAMS AND MATERIALS, DETERMINING INDIVIDUAL EMPLOYEE COMPENSATION, DIRECTING THE STAFF, ASSIGNING AND PROMOTING STUDENTS, DIRECTING TRANSPORTATION AND CONTROLLING PLANT, AND ALL

OF THESE COULD AND SHOULD REMAIN AT THE LOCAL LEVEL WITH FULL STATE FUNDING AS DESCRIBED.

SUMMARY:

THE NEXT FEW YEARS ARE GOING TO BE PARTICULARLY CRUCIAL FOR EDUCATION. THERE WILL BE MAJOR CHANGES IN FUNDING AND PROGRAM. THE PEOPLE ARE DISSATISFIED WITH THE SCHOOLS FOR REASONS OF COST AND FOR REASONS OF THE SPIRIT.

BUT SCHOOLS RARELY, IF EVER, TEACH ABOUT SCHOOLS, WITH THE RESULT THAT THERE IS TODAY CONSIDERABLY LESS PUBLIC UNDERSTANDING OF THE SCHOOL SYSTEM THAN OF ALMOST ANY OTHER ENTITY UNDER GOVERNMENT CONTROL. PUBLIC SCHOOL SYSTEMS USE A MAJOR SHARE OF LOCAL AND STATE TAX REVENUES, EMPLOY ONE OF THE LARGEST AND MOST HIGHLY EDUCATED WORK FORCES, ARE RESPONSIBLE FOR AN IMMENSE AMOUNT OF PUBLIC PROPERTY, INFLUENCE THE LIVES OF ALL CITIZENS, AND COMMAND MORE TIME OF CHILDREN OUTSIDE THE HOME THAN ANYTHING ELSE. YET, STUDENTS GO THROUGH SCHOOL LEARNING VIRTUALLY NOTHING ABOUT SCHOOLS, AND IN JUST A FEW YEARS AFTER GRADUATION THEY BECOME VOTERS AND ARE CALLED UPON TO HELP DETERMINE THE FINANCIAL FUTURE OF SCHOOL SYSTEMS.

I HAVE DWELT TODAY ON FUNDING, AND THE PROFESSION HAS HEAVY RESPONSIBILITY TO HELP BRING ABOUT SOME OF THE REFORMS I HAVE DESCRIBED. I HOPE YOU WILL BEGIN THIS GREAT DEBATE IN YOUR COMMUNITIES SO THAT WHEN THE 106TH LEGISLATURE CONVENES IT WILL HAVE A CLEAR MANDATE FROM THE PEOPLE WHICH SAYS - WE INSIST THAT A CHILD'S RIGHT TO A QUALITY EDUCATION NOT BE A RESULT OF AN ACCIDENT OF BIRTH; CHILDREN IN WASHINGTON COUNTY MUST HAVE EQUAL OPPORTUNITY WITH CHILDREN IN MORE AFFLUENT AREAS.

BUT I SUBMIT THAT MANY OF OUR FINANCIAL PROBLEMS WILL NOT BE SOLVED UNTIL THE PEOPLE'S FAITH IN PUBLIC SCHOOLS IS RESTORED. ONLY YOU CAN DO THAT. AND YOU DO THAT BY CONVINCING THE PEOPLE THAT YOU ARE INTERESTED IN MORE THAN JUST THE PAYCHECK, THAT YOU CARE ABOUT WHAT HAPPENS TO THEIR CHILDREN. I KNOW THAT THE GREAT MAJORITY OF YOU DO CARE AND CARE DEEPLY, BUT DO YOU CARE ENOUGH TO MAKE A REAL EFFORT TO CHANGE? DO YOU CARE ENOUGH TO REFORM THE PROCESS OF EDUCATION AND NOT JUST PUT ANOTHER PROP UNDER AN ALREADY SAGGING STRUCTURE? IF YOU DO, THEN THE FISCAL REFORM SO BADLY NEEDED WILL NOT BE FAR BEHIND.